

Richard and Andy,

On July 30, NIPSCO provided comments on the subject initiative. In doing so, we indicated that we would follow up with additional comments around proposed changes to the JOA that we believe will be helpful in starting the dialog around some of the cost allocation methodology issues we discussed in Chicago. Attached is a proposal on this topic to help get things started.

Additionally, NIPSCO seeks to clarify statements made in our July 30th correspondence relative to capacity deliverability. First and foremost, NIPSCO believes that open, transparent, and efficient markets benefit all stake-holders in the long term. While the term “capacity deliverability” may be inconsistently defined, and is certainly a sensitive issue between the MISO and PJM organizations, NIPSCO believes that the RTO’s should begin work now, advancing the ball towards an open, transparent and efficient market with respect to capacity. At a minimum, work should begin on a solution that

- 1) Ensures internal and external resources in both RTO’s should be treated equally in both markets.
- 2) Ensures that capacity be physically deliverable to the committed load zone(s) while capturing lower voltage lines with lower thresholds in the deliverability analysis,
- 3) Provides that, should network transmission service be provided across the seam, current beneficiaries of intra-RTO transmission service, be it Network Service FFE’s or Firm Point to Point, shall not be harmed in the provision of cross border network transmission service, and
- 4) Recognizes that cross border transmission cost allocation parameters must evolve to allow for transmission solutions that enhance deliverability.

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**Timothy A. Dehring** | SVP, Transmission & Engineering |  [tadehring@nisource.com](mailto:tadehring@nisource.com)

 219.647.5089 Office |  219.242.0602 Mobile

NIPSCO | Transmission & Engineering | 801 East 86th Avenue | Merrillville, IN 46410